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SUBJECT: CHILE HOSTS APEC ENERGY EFFICIENCY AND INTERNATIONAL
ENERGY AGENCY IN-DEPTH ENERGY SECTOR REVIEWS

¶1. (SBU) SUMMARY: Chile recently hosted two energy-related visits by international organizations engaged in comprehensive reviews of the country's energy sector. The Asia Pacific Economic Cooperation forum (APEC) energy efficiency peer review took place March 16-20 and the results will be presented during the APEC Energy Working Group in Santiago at the end of April. The International Energy Agency (IEA) has been conducting an in-depth review of Chile's energy sector and policies since October 2008. The IAE expert team visited Santiago March 30-April 3. The IAE report will be shared informally with the GOC in June and formally presented by the IEA's executive director in October 2009. The Embassy has promoted both reviews and believes they will be used by Chile's next president to balance Chile's energy needs and sustainable growth objectives. End summary.

APEC Energy Efficiency Peer Review of Chile

¶2. (U) With the strong support of the Embassy and the State Department APEC coordinator, Chile was one of the first countries that submitted to the APEC energy efficiency peer review process. As part of the review, an international panel of eight experts visited Chile March 16-20. The team was led by David Crossley (Australia, General Manager Energy Futures Australia Ltd) and included: Kenji Kobayashi (Japan, Director of the Asia Pacific Energy Research Centre (APERC)), Tran Thanh Lien (Vietnam, Researcher, APERC), Faust Boveland (New Zealand, Energy Efficiency and Conservation Authority), Yie-Zu Robert Hu (Taiwan, Researcher, Industrial Technology Research Institute of Taiwan), Phil Coleman (U.S., Researcher, Environmental Energy Technologies Division, Lawrence Berkeley National Laboratory), Wong Yew Wah (Singapore, Professor, Nanyang Technological University), and Nigel Jollands (New Zealand, Researcher, International Energy Agency).

¶3. (U) The Ambassador hosted a breakfast for the entire team March 18 and several Chilean officials, including Ignacio Fernandez, International Affairs Coordinator for the National Energy Efficiency Program (PPEE) and Corissa Petro, Deputy Director for International Affairs at Chile's National Energy Commission (CNE), along with post's ESTH officer and Economic Specialist.

¶4. (U) During their visit, the APEC team interviewed officials responsible for public policy development and energy efficiency programs, as well as in-country experts, scientists, energy companies and industry representatives. The results of the study will be presented during the 37th meeting of the APEC Energy Working Group in Santiago, Chile, at the end of April.

Chile Has a Strategy, Implementation is Key

¶15. (SBU) During the March 18 breakfast, the APEC team discussed their impressions of Chile. Jollands noted that Chile has a National Energy Efficiency Strategy, but questioned how the strategy would be implemented and whether Chile had the capacity to do so. Bovelanders explained that the country can choose to invest where it will have the most impact, or where it is most visible. He added that even if there is "green washing" (i.e., companies that use public relations tactics to talk about how great they are environmentally and socially, but behind the scenes may not really be doing much), it can still get people and industry involved with energy efficiency efforts. The Ambassador cited the example of Wal-Mart, which recently entered the Chilean market and indicated it will take a "green" approach in its stores (in line with existing corporate efforts). He said Wal-Mart already has ideas for improving energy efficiency, e.g., adding skylights to buildings.

¶16. (SBU) Fernandez cited CNE/PPEE's campaigns to distribute compact fluorescent light bulbs and increase awareness of energy efficiency. He also explained Chile's efforts to start implementing fuel-efficiency ratings for cars. Bovelanders commented that things can be done at the margins, but emphasized the need to implement a comprehensive long-term strategy.

¶17. (SBU) Several experts noted that the costs of solar heating systems will decrease as the country develops more capacity for installation and maintenance of such systems. Bovelanders described it as a question of economies of scale and suggested that government assistance was needed to speed up the process.

IEA Reviews Chile's Energy Sector

¶18. (U) As part of the IEA's in-depth review of Chile's energy sector and policies, a team of international energy experts was in Santiago March 30-April 3 to meet with public officials and private sector representatives. The team, led by Hartmut Schneider (Germany, Federal Ministry of Economics and Technology) and Ghislaine Kieffer (IEA Secretariat) included: Isabel Cabrita (Portugal, National Institute for Energy and Industrial Technology), Cristobal Burgos (European Commission, Directorate General for Energy and Transport), Luis Alonso Mijares (Spain, Ministry of Industry, Tourism and Commerce), Faith Corneille (U.S., Department of State), Stephen Powell (expert consultant), Chris Zegras (U.S., Massachusetts Institute of Technology), as well as, Paul Frankl, Teresa Malyshev, and Yo Osumi from the IEA Secretariat.

¶19. (U) The concept of an IEA review process for Chile arose from initial conversations between the Ambassador and Energy Minister Tokman in January 2008, and was further developed during the visit of former IEA Deputy Executive Director Ramsay in April 2008. The formal process began in October 2008 with the development of a questionnaire that was sent to Chilean stakeholders. After the March visit, the team drafted the report, which will undergo an internal IEA process before it is shared with the GOC in June. The report will then be refined and published before being formally presented by the IEA's executive director in October 2009.

¶10. (U) The IAE's efforts will be coordinated with other activities, including the "Technology for the Future" Conference in Santiago in October 2008, the IAE Energy Efficiency Indicators Conference in January 2009, and the APEC peer review on energy efficiency. Based on meetings with the Minister of Energy and CNE, team members expressed hope that the IEA review will provide a road map to the country's next presidential administration for balancing Chile's economic growth, energy security, and environment objectives over the long-term.

COMMENT: Chile Looks to Improve its Energy Security

¶11. (SBU) Over the past year, with the strong support of the Embassy, Chile has begun to look beyond its borders for advice on how to improve its energy situation. In addition to the two international reviews, CNE brought Claude Mandil, former IEA Executive Director, to Chile last month for guidance on the IEA membership process and its national energy strategy. Whatever the

outcome of December's presidential elections, post is optimistic that Chile will remain focused on improving its long-term energy strategy.

SIMONS